

Message Text

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14

ACTION NEA-12

INFO OCT-01 ADP-00 EB-11 INT-08 COME-00 CIAE-00 DODE-00

INR-09 NSAE-00 PA-03 RSC-01 USIA-12 PRS-01 TRSE-00

OMB-01 OEP-01 L-03 SS-14 NSC-10 RSR-01 /088 W

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R 091645 Z MAR 73 ZDK
FM AMEMBASSY NEW DELHI
TO SECSTATE WASHDC 3085
INFO AMEMBASSY ABU DHABI
AMEMBASSY BEIRUT
AMEMBASSY DHAHRAN
AMEMBASSY JIDDA
AMEMBASSY KUWAIT
AMEMBASSY TEHRAN
AMCONSUL BOMBAY
AMCONSUL CALCUTTA
AMCONSUL MADRAS

LIMITED OFFICIAL USE NEW DELHI 2764

E. O. 11652: N/A

TAGS: EGEN, IN, EIND, ENRG

SUBJECT: POSSIBLE INDIAN FUEL RATIONING

REF: BOMBAY 490

1. SUMMARY DURING MEETING WITH AMBASSADOR MARCH 8, ESSO
INDIA GENERAL MANAGER NEFF REITERATED POINT MADE BY RYAN OF
CALTEX MARCH 7 (REFTEL) TO EFFECT COUNTRYWIDE FUEL SHORTAGE
IN INDIA MAY BE ANTICIPATED IN NEAR FUTURE. WHILE THIS APPEARS
SUPPORT EARLIER UNCONFIRMED REPORTS OF A LIMITED RATIONING PROGRAM
INITIATED BY THE GOI LATE IN 1972 , WE ARE OF OPINION MAJOR
PETROLEUM PRODUCT SUPPLY CRISIS IS NOT RPT NOT ON IMMEDIATE
HORIZON . END SUMMARY.

2. NEFF SAID KEROSENE, GASOLINE AND DIESEL PRODUCT RESERVES
AT ESSO' S BOMBAY REFINERY AND AT COMPANY' S UP- COUNTRY DEPOTS
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QTE NOW ALMOST NON- EXISTENT UNQTE. REASONS GIVEN FOR RECENT DECLINES IN STOCKS INCLUDED CLAIM MADE BY RYAN (I. E. POOR GOI PLANNING RELATIVE TO CRUDE OIL IMPORTS VIS- A- VIS INCREASING CONSUMER DEMANDS FOR PETROLEUM PRODUCTS), RECENT SHUTDOWNS ESSO AND OTHER COASTAL REFINERIES FOR ROUTINE ANNUAL MAINTENANCE, AND CONTINUATION OF LONG- STANDING GOI/ PRIVATE COMPANY IMPORTED CRUDE OIL PRICE DISPUTES.

3. NEFF SUBSCRIBES TO RYAN VIEW THAT GOI MAY SOON ANNOUNCE RATIONING PROGRAM OF CERTAIN PRODUCTS, BUT HE DID NOT RPT NOT OTHERWISE SPECULATE ON GOI' S SHORT OR LONG RANGE PETROLEUM SUPPLY PROBLEMS. HE SAID HE WAS AWARE OF THE GOI' S CURRENT SEARCH FOR FAVORABLY PRICED PETROLEUM PRODUCTS FROM OUTSIDE SOURCES (REFTEL), BUT DECLINED TO COMMENT ON IMPACT ACCELERATED PURCHASES OF THIS NATURE WOULD HAVE ON COUNTRY' S ECONOMY OR ON REFINERIES OPERATING IN INDIA.

4. COMMENT: UNCONFIRMED REPORTS RECEIVED BY MINATT IN OCTOBER 1972 INDICATED THAT GOI HAD AT THAT TIME QUIETLY INITIATED RATIONING OF PETROLEUM PRODUCTS AT VARIOUS UPCOUNTRY SUPPLY DEPOTS. HOPEFULLY, SUPPLY POSITION WAS TO BE IMPROVED BEFORE IT BECAME NECESSARY TO CURTAIL DELIVERIES TO INDUSTRIES AND HEAVILY POPULATED METROPOLITAN AREAS. WHILE THESE REPORTS REMAIN UNSUBSTANTIATED, RECENT CLAIMS BY ESSO AND CALTEX REPS SUGGEST THAT SHORTAGES MAY WELL HAVE EXISTED FOR SOME MONTHS AND THAT SIUTATION MAY BE WORSENING. HOWEVER, WE DO NOT RPT NOT SEE A MAJOR PETROLEUM PRODUCT SUPPLY CRISIS ON IMMEDIATE HORIZON. ADMITTEDLY, GOI CONTINUES REFUSE TO YIELD TO LATEST (JANUARY 1973) CRUDE OIL PRICE INCREASES AND MAY THUS PREFER RATIONING AND/ OR HIGH COST PRODUCT PURCHASES FROM OUTSIDE SOURCES AS TEMPORARY ALTERNATIVES. NONETHELESS, IDLE REFINING CAPACITY EXISTS IN INDIA (AT BURMAH- SHELL, ESSO AND CALTEX). IT SEEMS UNLIKELY GOI WOULD CONTINUE CRUDE OIL IMPORT RESTRICTIONS TO PRIVATE SECTOR REFINERIES IF SHORTAGES APPROACH EMERGENCY LEVELS. ACCORDING NEFF, ESSO REFINERY IS CURRENTLY OPERATING AT THROUGHPUT LEVEL GENERALLY MAINTAINED DURING LAST HALF OF 1972; 54,000 BARRELS DAILY. THIS IS ESSO' LEGALLY LICENSED CAPACITY, AND ABOUT 72 PERCENT OF THIS REFINERY' S FULLY INSTALLED CAPACITY END COMMENT.
DECONTROL MARCH 9, 1974.
MOYNIHAN

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*** Current Classification *** LIMITED OFFICIAL USE

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